



(2)

MO 26/9/1

Prime Minister

MS. [Signature]

FOREIGN AND COMMONWEALTH SECRETARY

ALGERIA

Thank you for your minute of 2nd June, about improving our military co-operation with Algeria. I have also seen the Prime Minister's comments.

2. I am glad that you established contact with Colonel Belloucif and were able to discuss prospects with him. As you say, Defence industries are actively promoting UK equipment in Algeria at the moment. The Defence Sales Organisation arranged a successful demonstration of the Shorland armoured car and Fox in Algeria last week; an Algerian team is in the UK evaluating the Hawk this week; and Brooke Marine have been invited out again next week to finalise negotiations on fast patrol craft.. This is a follow-up to a recent visit by a team which looked at warship-building generally. With the upsurge in interest, Defence Sales have been planning to visit Algiers before the end of the month to follow up your visit and to ensure a co-ordinated and effective response to the Algerians' interest. Unfortunately, I gather Sir Ronald Ellis's programme is now fully committed for several months ahead but his deputy, Peter Jeffs, plans to make a visit as soon as possible. I am sure this is important.

3. I share your view that we should encourage Algeria's shift towards genuine non-alignment. We will, of course, have to be careful over supplying our most sensitive technology, as Algeria has a very low security rating in view of the large number of Soviet and allied military advisers still resident there. This will not stand in the way of our responding quickly and constructively to their interest





in much UK equipment, but it does limit severely the kind of training which we are able to offer. As the last security assessment on Algeria was made in 1978, I think it would be helpful if your Department could set in hand an early and new assessment - starting with a report from the Post.

4. You mentioned Algeria's financial strength. I gather from my officials that ECGD would respond favourably to export cover and credit for defence sales.

5. Finally, you raised the question of posting a Defence Attache to Algiers. Defence Sales have already been thinking about this and the possibilities will be looked at further during the next Sales visit. As a start it might be possible for an Attache from elsewhere to be given visiting accreditation. We will follow this up as quickly as possible through the usual channels. Because of the ceiling on numbers, however, the establishment of a new post in Algiers will have to be at the expense of another Attache post elsewhere.

6. I am copying this to the Prime Minister and also (with the earlier correspondence) to John Biffen who has a major interest.

SW

Ministry of Defence

5th June 1981



9 JUN 1981

